Australian Energy Market Commission
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Lodged online: www.aemc.gov.au

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Meter communications rule change proposal

The proponent of this rule change is the Australian Energy Council.

The Australian Energy Council (AEC) is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The post Power of Choice rules framework

Since the commencement of metering competition in December 2017, retailers have identified aspects of the new arrangements where they are constrained in providing customers with the same level of customer service and flexibility with respect to meter communications installation and disablement than was previously provided by the DNSP. This has resulted in small number of negative customer experiences giving rise to customer complaints.

The AEC convened a Post Power of Choice Committee, comprising Retailers, Meter Co-ordinators and Meter Providers to address various issues in the Rules and the procedures, to ensure that customers are provided with the best level of service and flexibility with respect to the provision and installation of their electricity meter, without compromising on other key considerations such as safety and risk.

This rule change request addresses that whilst a small customer is entitled to refuse the installation of a new or replacement type 4 meter, that when a customer does not wish to have metering communications installed in other circumstance, such as when they move into a property with a type 4 meter, there is no mechanism for the Metering Coordinator or the retailer to comply with this request by simply disabling communications on a type 4 meter. The regulatory framework should enable the most efficient and cost effective mechanism to enable this customer choice to occur.

The detailed rule change request is attached. Any questions should be addressed to David Markham by email to david.markham@energycouncil.com.au or by telephone on (03) 9205 3107.

Yours sincerely,

David Markham
Corporate Affairs
Australian Energy Council

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1 Summary

1.1 Issue

Under clause 7.8.4(d) of the National Electricity Rules (NER), a small customer is entitled to refuse the installation of a new or replacement type 4 meter. When this occurs, the Metering Coordinator must ensure that a type 4A meter is installed.

However, clause 7.8.4(d) only applies to the installation of a new or replacement type 4 meter. Where a customer wishes to have a type 4A meter installed in any other scenario, such as when they move into a new property with a type 4 meter, there is no mechanism for the Metering Coordinator or the retailer to comply with this request by simply disabling communications on a type 4 meter. Instead, the only compliant process the Metering Coordinator can follow is to arrange a meter exchange and record the small customer's refusal as part of the process and thus install a type 4A meter.

The proponents consider that the regulatory framework should enable retailers to provide the level of service to their customers, whatever the type of service the customer requests, which can include the decision to install a type 4A meter, convert a type 4 to type 4A or conversely convert a type 4A to a type 4. The regulatory framework should enable the most efficient and cost effective mechanism to enable this customer choice to occur.

1.2 Proposed resolution

Converting a type 4 meter to a type 4A meter does not necessarily require a meter replacement. This process may carry unnecessary costs – both in the cost of the meter replacement as well as the requirements to interrupt supply to the customer. A more cost-efficient process may be to allow the Metering Coordinator to simply disable communications on the type 4 meter.

The proponent's rule change request expands the customer's right under clause 7.8.4(d) to include existing meters. Once a small customer refusal has been registered, the relevant Metering Coordinator and retailer may then choose the most cost-effective and efficient manner to convert the type 4 meter to a type 4A meter, which may or may not involve a meter replacement.

1.3 Contribution to National Electricity Objective and the National Energy Retail Objective

The National Electricity Objective (NEO) states that:

"The objective of this Law is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to-

(a) price, quality, safety, reliability and security of supply of electricity; and

(b) the reliability, safety and security of the national electricity system."

The National Energy Retail Objective (NERO), as stated in the National Energy Retail Law, is:

"*…to promote efficient investment in, and efficient operation and use of, energy services for the long-term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy*."

The current NER only permits a type 4A to be installed at the time of installation of a new or replacement type 4 meter. This requires Metering Coordinators and retailers to replace a working type 4 meter with a type 4A meter where the customer requests it outside these circumstances. This may not always be in the long-term interest of consumers with respect to price or their perceptions of safety.

The proponents consider that the proposal meets the NEO and NERO by expanding the customer's right to include existing meters as well as new and replacement meters. This efficient operation allows the Metering Coordinator and retailer to offer customers the most flexible and cost-effective means to receive a type 4A meter.

1.4 Expected Benefits and Costs

The original rule changes that enacted the new Chapter 7 of the NER focused on enabling choice. The final rule sought to embed a "competitive framework to promote innovation and lead to investment in advanced meters that deliver services valued by consumers at a price they are willing to pay",[1] which included the expected costs and benefits associated with the choice a consumer might make in relation to whether or not their communications capabilities were enabled.

In the proponent's opinion, the only additional cost is the manual read costs associated with a higher number of type 4 meters without their communications capabilities enabled. Retailers can utilise a variety of options to ensure this cost is not significant, including but not limited to, charging a fee for service for those customers electing a type 4 meter without communication capability.
However, the proponent anticipates this cost will be more than outweighed by the consumer benefit of having flexibility to switch off communications in a type 4 meter post installation in the most effective way possible.

Further, each request that can be fulfilled without the need for a meter replacement represents a significant benefit to the customer, retailer and Metering Coordinator.

The cost of disabling meter communications on a type 4 meter is three to five times lower compared to replacing it entirely and dependent on the request, it may also not require an interruption to the customer's supply of electricity.

Further, we expect that customers that wish to convert a type 4 meter to a type 4A are likely to raise complaints. Therefore, the ability to act on a customer's request without the need for Ombudsman involvement will also reduce the cost and time necessary to achieve the customers' desired outcome. This will have the added benefit of improving the customer's experience with their energy provider under the metering contestability and related NER changes.

2 Meter communications rule change

Marked up amendments to the rule are below:

2.1 Clause 7.8.4(d) Type 4A metering installation

Small customer refusal

(d) A *Metering Coordinator* is not required to comply with clause 7.8.3(a) where, in the *Metering Coordinator's* reasonable opinion, the *small customer* has communicated its refusal to the installation or proposed installation, or continued use of an installed type 4 *metering installation* at a connection point in accordance with paragraph (e)

[1] AEMC website: https://www.aemc.gov.au/rule-changes/expanding-competition-in-metering-and-related-serv

(e) For the purposes of paragraph (d) a *small customer* refusal to the installation, proposed installation, or continued use of an installed ~~of a~~ type 4 *metering installation* must be communicated:

(1) verbally, in writing or by conduct; and

(2) to the *financially responsible Market Participant*, *Metering Coordinator* or *Metering Provider*.

(f) If the *small customer* communicates its refusal under paragraph (e) to the *financially responsible Market Participant* or *Metering Provider*, the *financially responsible Market Participant* or *Metering Provider* (as the case may be) must promptly provide written notice of the refusal to the *Metering Coordinator* which must include:

(1) the date of the refusal;

(2) how the refusal was communicated; and

(3) details of the *NMI* at the relevant *connection point*.

(g) A *Metering Coordinator* must retain a written record of a *small customer* refusal under paragraph (f) for a period of at least 7 years.

(h) Where paragraph (d) applies:

(1) the *Metering Coordinator* must ensure that the new or replacement *metering installation* installed at that connection point is a type 4A *metering installation* or the conversion of an installed type 4 *metering installation* into a type 4A *metering installation* at that *connection point*.

(2) clause 7.8.3(a) will apply to any subsequent installation or proposed installation of a new or replacement metering installation at that connection point, subject to the reapplication of paragraph (d).

(i) Nothing in paragraph (d) or (h) prevents a *Metering Coordinator* from, at any time, activating the remote access capabilities of a *metering installation* with the consent of the *small customer* at the *connection point*.